

# Cities in Contemporary Europe

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# 1 European cities in the world economy

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*Pierre Veltz*

## **Cities in the economy, between the rise of the global and the return of the local**

In the early days of political economy, from Richard Cantillon to Adam Smith, the city, the interaction of cities and the relation between city and country were active categories of economic analysis. Then, with the exception of the occasional unorthodox approach – that of Jane Jacobs, for instance – the categories became somehow passive and were covered by the homogenising film of the ‘national’ or ‘international’ economy. However, the predominance of national scales for economic performance – backed up by the fact that today national perimeters are far and away the best served by statistics – calls for reflection. The increasing interdependence of so-called ‘national’ economies is in fact accompanied by persistent, frequently increasing, regional – i.e. infra-national – disparities. The most significant cases of development are not so much national as limited to particular, sometimes restricted, zones which are invariably under the control of large cities (Chinese growth provides an excellent example).

In Europe, as elsewhere in the world, one can see the accelerated concentration of production and consumption in metropolitan urban areas, both within the orbit of an outsize city – the Paris or London regions – and of a more dispersed kind, as in northern Italy and the Rhineland. The extreme polarisation of ‘global’ financial activity and of high-tech research within a few world centres, the dynamism of the new city-states relieved of the costly problems of a hinterland – Singapore or Dubai – are merely extreme forms of a process which at different degrees concerns all developed economies. One increasingly has the impression of an ‘archipelago economy’ in which horizontal, frequently transnational, relations increasingly outmatch traditional vertical relations with the hinterland. What explanation is there for such polarisation at a time when the growing fluidity of communication and the volatile – in particular, uncapitalistic – character of the most remarkable

activities in modern capitalism ought to be leading towards a more and more footloose economy, in which places and concentrations are a matter of indifference?

This first question immediately prompts a further, more political, one: is there not a connection to be made between the rise of urban economies and the increasing difficulties encountered by nation-states to define and implement coherent and efficacious economic policies and, more generally, maintain their role as first-rank social and cultural reference points? Following the unambiguity of a centuries-old triumph of 'territorial' over 'urban' economy (to take up the terms used by Braudel following K. Bucher), while the techniques of supervising and homogenising space, themselves decisive in the building of modern nation-states, have become both commonplace and obsolete, there is a temptation to see the present situation in terms of revenge on the part of cities over states. And indeed, the re-emphasis of locality in a political as in a cultural sense has been a significant sociological factor for a number of years now. But history moves forwards not backwards. If reference to the city-states of the Middle Ages and the Renaissance contains a mythic potential, it has little to do with present economic realities. The 'urban economic policies' of the pre-modern era were fundamentally protectionist (Weber 1982: 163). States have long leaned upon urban economies by taxing them, while taking care not to destroy them. But the equipoise showed signs of instability with the rise of big-firm capitalism. Cities found themselves irredeemably engulfed in an open national and international economy where they counted more as complex nodes in networks than as isolatable entities. So the problem now is to discover how localised politico-cultural energy can harness support from economic forces that reach far beyond the local sphere, indeed rather dominate and direct it. We shall see that there are two possible responses: one purely reactive, involving politics and culture as a means towards recapturing an identity that economics has tended to dissolve; the other more subtle – the urban actor not merely showing assertiveness and/or winning over nomad investors, but actualising the worth of historical and territorial structures as competitive resources in far-reaching economic networks.

So to a third question: in this interplay of localised and global is there anything specific about the European city? It has to be said at the outset that we hardly possess the empirical data required to deal with so difficult a question. As regards external form, it is known that the texture of cities in Europe differs from the cities in North America, if only because there are more small or medium-sized cities and the contrasts in urban authority are slighter (though more marked in France and Britain). Marked inequality of urban density sets England, the Netherlands, the

Rhineland and Italy against the rest of Europe (Pumain, Rozenblat and Moriconi-Ebrard 1996).<sup>1</sup> Attention can further be drawn to the social and symbolic place of centres and certainly the existence of characteristic forms of city living that are immediately discernible, if difficult to put one's finger on. In other respects, calling to mind the original political shaping of the European city – the 'conspiratorial' association of bourgeois against the 'legitimate' powers, in Weber's outline<sup>2</sup> – has little meaning now. What common ground is there between the megalopolis of the present, whether dispersed or concentrated, and the tiny Italian city-states of the Middle Ages? Hence, a further hypothesis, which needs of course to be put to the test, is here presented. What perhaps in the economic sphere characterises the European city is a particular capacity to mobilise – within the market economy itself – resources that are generally considered to be outside the economic sphere – shared cultures, social networks of multiple types, structures of cooperation – in line with methods that soften the impact of the more brutal and impersonal effects of the unadulterated market. Such intertwining of economic, social and territorial factors was probably a major influence on growth during the long post-war expansion in France – even if, in economic analysis, the role of cities and regional areas was almost entirely overshadowed by insistence on the macroprocesses of the welfare state.<sup>3</sup> In present economic conditions, however, there is nothing to show that the undivided extension of market regulation is the only competitive course. The accelerated globalisation of the economy finds expression in complex and ambivalent processes. On the one hand, it unquestionably does constantly offer new fields for market deployment – deployment whereby the specificity of territory is often disregarded or destroyed. On the other, as we shall see, the profound transformation in modes of competition – where the so-called 'non-costable' factors of competitiveness, such as the quality of goods and services, occupy a decisive place, particularly in countries with a strong currency and high welfare protection – potentially reinforces the role of non-market interaction, social institutions, and forms of co-operation, trust and experience that have been accumulated and so to speak stockpiled across the territory. More than ever, these socio-historical elements constitute the 'hidden face' of market competitiveness; and this serves at the same time partially to restore strategic space to local actors in economic as well as in political terms.<sup>4</sup>

### **The 'archipelago economy': some trends**

The concentration in metropolitan areas of jobs, particularly the most highly skilled jobs, and of growth is a global feature to which Europe is



no exception. Despite all the methodological reservations one may voice about spatialised computations of 'productivity', the survey undertaken in France by Laurent Davezies is remarkable in its findings. Not only is productivity per individual at work considerably higher in large cities than in those with a population of between 100,000 and 200,000 (25 per cent higher in Paris) but it grows faster (+30 per cent between 1982 and 1991 as against +12 per cent) (Davezies 1996). This has to be seen in relation to highly selective forms of mobility. On average the French have shown little mobility over the last twenty-five years; however, mobility among young active people and that of top-level jobs together produce figures that are highly favourable to Paris (Julien 1994). South-east England shows similar results.

A second trend reflects the relative despecialisation of regional and urban economies. The profiles for regions and cities sector by sector are tending slowly but surely to converge. Territorial differences are now seen more in terms of levels of employment than of specific sectors. Clearly this is reinforced by a climbing tertiary sector, which as a random category tends to homogenise the profiles of regional sectors. But every analysis confirms that 'services' are becoming increasingly segmented by level of employment, less and less by type of activity. The process of European unification may well find partial expression in the reinforced specialisation of certain 'poles' (in the Netherlands, for instance, with maritime commerce and logistics), but growth is particularly focused on areas endowed with a high degree of internal diversity and that proffer a range of activities that are relatively close.<sup>5</sup>

A third trend is marked by some disconnection between centre and periphery, together with a rise in horizontal relations between major 'poles'. In this respect France presents an interesting case. Between the 1950s and the 1970s, the major development involved massive decentralisation of medium- or low-skill jobs in industry (in both large-scale industry and small and medium-sized firms which became increasingly integrated into the subcontracting system) to the benefit of regions where in the past agriculture or cottage-type industry had prevailed, at the same time as posts at a creative or supervisory level remained centralised in the Paris region. Thus an unequal entity came into being with which the centres and peripheries were closely interdependent. It is precisely this unequal coupling which is now giving every appearance of slackening. Factories in the provinces face continuous job losses and upwardly moving activities – communications, etc. – are becoming concentrated in the major cities or in areas previously unindustrialised, e.g. the Mediterranean coast. The most active regional 'poles' rely far less on their periphery than on direct relations with other 'poles', with Paris

in particular (in the case of France, direct relations between major regional cities are weak). The case of Toulouse in this respect is not untypical.

The growth in horizontal relations is also seen at the international level. The growth in air traffic between major focal points such as Paris, London, Frankfurt and Amsterdam is much faster than elsewhere (Cattan 1993). Incidentally it needs to be emphasised that none of this implies an automatic decline in rural or in interstitial areas. Paradoxically, one of the indices of obsolescence in the traditional model of the centre *vis-à-vis* the periphery is that the contrast between rural and urban worlds is decreasingly relevant, not just in highly urbanised countries such as Germany but also in countries with low population density such as France. The profiles of employment and population in rural and urban areas are now very close. Cities no longer drain the countryside of manpower, some rural areas prosper while others stagnate, frequently without there being any apparent geographical reason to explain it (Mendras 1988, chapter VII; Hervieu 1993).

To this picture should be added the essential but unrecognised role of localised economic activities linked to public funding. In France, and very probably elsewhere in Europe, there is a geography of market activities and of public-sector or semi-public-sector employment, with the latter dominant in a number of cities (particularly in the south and depressed areas of the north), and there again the focusing of public resources bears little relation to the traditional centre-periphery pattern.

A fourth trend is discernible in the growth of inequalities between zones, between cities and regions, and indeed within the same urban areas. For historical reasons, Europe presents regional contrasts that are far more marked than in the United States.

But such inequalities (average wages, income per household) were greatly reduced following the second world war for the very reason of patterns of mobility – of labour but especially of capital, which moved preferentially to where labour was cheaper.<sup>6</sup> All indicators now show that the spread of these disparities is remaining constant, if not widening. Even within metropolitan areas, however true it may be that 'dualisation' is less significant, and in the theoretical case of the 'global city' put by Sassen (1991),<sup>7</sup> surveys still show an appreciable and general increase in inequalities between localities (Davezies 1995).

These trends need to be complemented by the growing space-time differentiation affecting individuals. Even if residential mobility remains fairly limited, intermittent mobility has developed apace for a large part of the population, whereas many continue to be narrowly confined and their horizons remain hopelessly limited.

All in all, the overall economic and social picture would seem to be increasingly difficult to chart with the use of simple spatial diagrams, on the familiar model of pyramid-shaped representations of structure that stack together like Russian dolls; yet it is this model we continue to favour in social and, even more, in political contexts. We must reconcile ourselves to this. The world is no longer well ordered by distance, clearly 'layered' (to borrow Braudel's image) between short- and long-span economies. Even so, the generalised presence of the global economy with its rhythms and constraints in no sense ushers in a world in which territory is in some sense neutralised, if not cancelled out. But the territory that counts is more and more the territory of social interaction, not merely of physical proximity.

### **Globalisation, competition and change among productive organisations**

Some cities evidently are further advanced in the process of economic globalisation than others. But, whereas the thesis of 'global cities'<sup>8</sup> is focused exclusively on a few world metropolises and a few leading-edge sectors (finance, top services linked to transnationals), the significant point is that economic globalisation now affects the whole range of cities and territorial structures.<sup>9</sup> It affects them not merely through sectoral variations (downturns here, expansion there, direct competition in the location of this or that product), but in particular through changes in production and trading methods, a consequence of the growing interdependence of economic space and changing competition.<sup>10</sup> These general changes and the way they have affected industrial organisation and networks merit brief attention here. It is a necessary parenthesis before considering the relevance of such changes to territory.

First, what are we talking about when we talk of 'globalisation'? The economy has in fact for a long time been global; and the break in the direction taken by internationalisation, if it has occurred at all, belongs more to the middle 1980s than now. Whilst the level of trade has grown continuously since the end of the last war, what is significant has been on the one hand deregulation and financial globalisation, itself far ahead of industrial globalisation, affecting the real economy, and, on the other hand, the spectacular rise in direct transnational investment which since 1985 has progressed much faster than international commerce or global production (insofar as one is able to measure it). Thus between 1986 and 1990 the rate of growth of such investment was 28 per cent per year, and that of commerce only about 12 per cent.<sup>11</sup> Europe occupies a central place in these flows (even with the omission of internal trading

within the EU, itself very vigorous), being both the principal source and the principal recipient of direct foreign investment. It is worth commenting here that this mechanism of cross-investment is in the main restricted to developed countries and dramatically sidelines the poorest countries on the planet. Even though the domestic share of the economies (domestic production and consumption) is still largely preponderant, a transnational mesh of production is being formed which now makes the perception of a territory made up of self-cohesive zones trading with others something of an anachronism.<sup>12</sup>

This multiform, multidirectional opening up of 'national' economies has wrought a huge change in terms of competition, in particular for the larger firms that belong to the era of mass production. Overall these had a reasonably quiet existence in the post-war period, protected by frontiers but cushioned too by transport costs, national distribution networks and unchanging consumer patterns. However, new oligopolistic competition which started up in the 1970s and got into its stride in the 1980s and 1990s at an international and frequently global level marks a profound change, being both far more intense and far more unstable. It would scarcely be an exaggeration to say that a superior stage of capitalism is now making its appearance in the competitive and 'market' world, whereas such capitalism (especially in Europe) developed very largely away from competitive conditions, invariably bypassed by the dominant actors and secured for the minor ones, as Braudel has well shown.

The evident result of this transformation is that the major firms – just like the minor ones – now have to practise competition in terms both of cost and of differentiation. Quality, variety, capacity to respond, services, plus innovativeness, are now mandatory and this makes for a more complex competitive equation (see, for instance, the question of 'quality' which has threatened the very existence of the European motor industry). Naturally this applies all the more to strong currency areas (Japan since 1975, Germany and France at present). Put simply, the process may be summarised by remarking that competition was traditionally 'imperfect' because of geographical barriers, *de facto* or *de jure*; and that their removal leaves firms with no alternative but to substitute geographical product differentiation (Jayet, Puig and Thisse 1996).

The important point here is that to survive in these conditions requires a major organisational and operational overhaul on the part of firms, and particularly large firms, in their dealings with the web of subcontractors. Traditional organisations built upon rigid functional division of tasks, at the same time allowing a clear-cut and stable spatial division of labour, have become counter-productive. The

common element in the imperatives of differentiation – quality, variety, responsiveness and innovation – is that they all require far greater cooperation between the stages of product conception, manufacture and commercialisation, between the earlier and the later phases, between the ‘direct’ and ‘indirect’ actors in the productive process, and between the firm and its environment. In other words, competitiveness results more and more directly from ‘relational’ impact, which is not easy to programme or quantify, and less and less from the traditional one of ‘productivity’, obtained through the intensification of tasks or activities considered in isolation. This has opened the way for a whole range of experimentation, going far beyond the adoption (particularly in the motor industry) of the Japanese principle of ‘lean’ production, which in itself might be regarded as the final manifestation of traditional Fordist organisation.

Three main tendencies in organisation appear to me to be evolving: the search for forms of organisation linking actors in productive chains transversally, either around the physical flow (logistics, just-in-time and so on), or through informational systems, or within ‘project’-type organisations of a more or less ephemeral, variable geometry type; the combination of reinforced strategic centralisation and a degree of operational decentralisation, more especially in the context of a ‘cellular model’ linking more or less autonomous multifunctioning units (network-firm) in a horizontal network; the relinquishing of *a priori* normative regulations in activity and an emphatic return to regulation by objective and by results, of a pseudo-market or market type.

It will be apparent that all three tendencies contain potent sociological implications. They also share the characteristic of distancing traditional professional distinctions which situated wage-earners both within the industry and on the labour market, and gave them a clearly defined social identity. A further common feature is that of combining an explicit appeal to wage-earners’ motivation and co-operation with increased stress on contractual-type regulating (assessment by results, temporary and impersonal nature of ties). This, of course, goes along with the wave of externalisation, increasingly pronounced recourse to temporary jobs, and the rise in self-employment. All over Europe, the ‘market’ (in various forms) is regaining ground in all areas to the detriment of traditional graded and/or co-operative forms of regulating industrial systems. This is even more the case in the services sector, and particularly in fast-developing sectors such as communications and entertainment. Naturally, exposure to all this is experienced differently by different individuals, some clinging on to professional structures which are more or less under threat while others have clearly decided to

go with the way things are moving and exploit the call for general skills on a short-term basis – the more effectively because they are thus distanced in relation to collective referents and professional interdependence.<sup>13</sup>

In fact it would seem – though the hypothesis would require further testing – that all these trends, however unequally represented by country or region or sector, have the effect of converging in the sense that they cut across conventional socio-economic divisions. For example, there is evidence of a growing overlap between the manufacturing and 'tertiary' sectors, not merely from the viewpoint of objective economic relations but also from that of organisational methods and probably of lifestyles and work patterns too. Similarly, there is convergence between the world of large firms and that of small firms. Of course, national differences are still appreciable. In France there is not the same separation as there is in Italy between areas of small and medium-sized industry and those of large-scale industry. Economic and spatial interconnection is close, whilst the social and cultural distance between large firms' senior management and the heads of small firms is still great. But beyond these differences, which should not be played down, there are shared tendencies at work. The notion of a radical contrast existing between a 'mass production' pattern and a 'flexible specialisation' pattern has over the last twenty years or so been refuted in all countries and in all sectors. Rather, the developing context has shown gradual convergence between the two patterns: between the model of the firm as network and that of a network of firms.

### **From economic change to spatial forms**

How is the link to be established between these economic changes and spatial representation? What one must try to convey here is the sense less of a body of linear one-to-one causal relationships than of a complex field of tensions, trends and counter-trends.

Some economists lay stress on the more or less direct impact of the differentiation of goods and services on urban concentration. In my view, this is secondary. People do not turn to a large city so as to have access to a more open, more diversified, consumer market, since this is becoming more accessible everywhere. On the other hand, the combined impact of changes in the organisation of production and in the labour markets is a decisive one. I shall summarise this in four points.

With the expansion of spatial competition and the transnationalising of production and markets, the economy clearly distances itself from territorially based localised societies. The explicit competitiveness

within networks over sites for production, and sometimes even sites for product conception, understandably attracts attention, all the more so when the growth of large firms and their networks is mainly effected through external growth and when the response to market globalisation generally consists in an organisational globalisation which calls into question traditional multidomestic systems (by which each region is provided with functions that are virtually the same and juxtaposed and so superfluous). Strategic and directional centralisation but also the increasing centralisation of purchasing, i.e. relations with suppliers, are key factors in these changes. This frequently leads to a spectacular explosion in the geography of suppliers, on a European and maybe on a global scale, an explosion which is only in part counter-balanced by technological needs from the neighbourhood, as in certain forms of 'just-in-time'.<sup>14</sup> The extraterritorial distancing of the economy is indeed real and sometimes brutal. Yet it does not lead to a pure economy of flows that is indifferent to territorial considerations. There are powerful counter-tendencies.

The growing role of human capability – as against technology crystallised in the form of machines – is the first one to mention. It needs to be recalled that, of all the factors of production, labour is the least mobile, especially in Europe (where geographical mobility is much lower than in North America).<sup>15</sup> Overall, there has been nothing less than an inversion of the indices of mobility for productive resources over the last ten years. Capital which was once compartmentalised has become hyper-mobile (although the link between savings and investment is for the most part internal in the major world regions). Merchandise circulates more and more easily. Technology, on the other hand, which in earlier phases of mass production may well have appeared to be easily accessible and transferable (insofar as this was understood to mean relatively simple machine technology) has become markedly territory-based, because the essential technological elements are now incorporated not in machines but in human capability. Furthermore, it needs to be stressed that the function of human capability in the area of competition has to do not only with 'non-industrial' sectors but with manufacturing sectors and more generally with any activity involving highly integrated and specialised automated systems. Thus, in industry, it is the sound use of physical capital in its high-tech form that is now decisive in calculating production costs. Such use is of course a direct factor of the level of competence of the operators concerned and of their back-up (maintenance, R&D, etc.), which explains, one might add, why production of goods is often better – and cheaper – in high-waged countries.

This is all the more true when it comes to product creation and innovation.

To this it should be added that the abilities which 'deliver' in an economic sense seem to be characterised by two apparently contradictory features. They are closely related to a specific social and cultural background (in other words, they have a marked collective and relational dimension); at the same time they are 'freer' in the sense that they tend to be wildcard, detached from any particular technical system or narrow professional category. And this of course facilitates the kind of recourse already mentioned to externalisation and the networking of production systems, and favours the vast and highly differentiated labour markets of the larger urban areas. In direct line with the preceding point, it is the 'relational' nature of the modern economy which gives it its most significant territory-bound factor. The term is not used in a vague or metaphorical sense but – as mentioned above – to signify that all components in competitiveness at the present time share the characteristic of exploiting the complexity and quality of co-operativeness within the productive chain – inside the firm, between firms and customers or users, and between firms and institutions – in contrast to the segmenting and compartmentalising that typified time-and-motion study in large-scale industry. In other words, competitiveness is now increasingly 'systemic' or 'environmental' in character (the latter term being taken in a very broad sense). This at bottom explains why the interconnection between the market economy and a whole variety of social non-market forms, which have historical and geographical origins, are holding their own and indeed playing an increasing role in economic success. Trust between actors in chains of production for instance is still an essential factor in efficiency, even when the market is dominant. It is a powerful force in boosting collective responsiveness and leads to economies in organisational costs, insurance costs and so on. However, trust cannot be taken for granted in an increasingly open world. In this respect, locality as a cross-contact network is a precious resource. Certainly territory is not the only base for co-operative possibilities. All forms of diaspora, like religious or ethical communities, are shown to be equally effective.<sup>16</sup> Furthermore, one has to draw a distinction between two poles at least in the relational economy: that involving routine-established 'technical' relations and that of more complex interacting, which gives rise to a fuller sharing of intelligence and visions for the future. Hence a fairly widespread scheme for the spatial division of labour might be the following: production might take place almost 'anywhere', given impeccable logistics and a skilled workforce; product-



conception, on the other hand, is recognised as needing specific environmental conditions and labour 'market'.<sup>17</sup> So, above all, it is better to avoid making a distinction between 'market' (or 'market'-type) relations and extra-market relations, since they seem to be increasingly entangled.

A final major dimension in the relation between patterns of production and territory has to do with time-scales. Increasing uncertainty – in the full sense of the future being both unforeseeable and less and less amenable to projection – the acceleration of tempo and the rise of short-termism mark a development that is transforming not just industry but the whole of our society. This development is very directly linked to financial globalisation especially in the Anglo-American model, itself still distinct from what Albert (1991) terms the 'Rhineland' model but continuing to gain ground. The spatial implications are complex and several:<sup>18</sup> they may be summarised as having two main thrusts. The first is the search by all means available for short-term flexibility so as to enable the worst of the impact of economic fluctuations to be evaded. Externalising and networking point in this direction. And here large cities facilitate a permanent, flexible, rearranging of chains of production, in that they play an essential role of substitution. With individuals, this implies the erosion – now endured, now accepted – of projects affecting both career and lifestyle which are by definition long lasting. Where loss of security is experienced negatively, it also implies new strategies with the object in the short term of making the most of every advantage in the labour market, at the same time as registering the little value now attaching to seniority in industry (de Coninck 1995). The second thrust is the built-in reversibility of options in the medium term, i.e. the priority accorded by firms to choices – more particularly, in regard to locality – without long-term commitment and themselves open-ended. The larger reservoirs of employment in densely populated areas have here an insurance function, there being a greater probability of firms eventually finding the workforce they need, in skills as well as in number; also there is less of a problem if it comes to disengaging. Corresponding attitudes are found with individuals, with the added effect of qualifications – which are the modern, mainly urban form, of employment insurance, and which replace the web of contacts and recommendations by word of mouth, etc. – and of two-waged households. Female employment rates are directly correlatable to urban size, and the disproportion between the possibilities offered by metropolitan labour markets and the rest is considerable, especially where highly qualified women are concerned.<sup>19</sup>

It should be emphasised that such recourse to the short term and rejection of the future harbours serious tensions for individuals whose

need for slow progress and security are denied, and also for the economy itself, whose requirements of continuity and of memory frequently go unrecognised. Further there is the added risk of conflict between wage-earners who are temporarily protected and those who endure the uncertainties which firms will not or cannot take responsibility for.

### **Conclusion**

Finally, it is important to stress the ambivalence and the complexity of the relations between the economy and the city which we have touched upon above. It is possible, of course, to make a broad contrast between the 'relational' (or 'environmental') model and a 'predatory' model, in which firms, in particular the major firms, simply appropriate passive – human and material – resources within a given area (the predatory model being shown to good effect in the policies of large-scale industry during the long post-war boom). But to use a clear-cut contrast between market mechanisms and non-market interdependence so as to categorise the relational model would be simplistic. The very age of their industrial traditions, their low population mobility and their institutional wealth, and the significance of their accumulated public amenities and resources, are very probably particular assets for European cities and regions in the non-market underpinning of their economy. Nevertheless, this does not mean that the larger European cities of today are spatial economic communities, industrial 'districts' given a metropolitan dimension. The close linkage between the metropolis and the rise of the most impersonal features of bureaucracy or the market, of 'objective culture' and monetary ties – a linkage to which Simmel at the turn of the century gave vivid expression – is certainly deeply ingrained in our society. Likewise, on the question of time-scale, though it may be true that being rooted in historical and territorial development is of great advantage in slowing down the pace, and in safeguarding memory and continuity, it is no less true that cities are also, more than ever, formidable machines for accelerating every type of flow and for merging identities and interaction.

Salais and Storper have produced an analytical table which helpfully deconstructs over-rigid distinction between the 'market' and 'non-market' spheres by proposing a typology of 'worlds of production' based upon implicit understandings between the actors (relating, in particular, to types of product and future anticipation) (Salais and Storper 1993). In their view, such worlds might also characterise spatial economic identities of different scales. For my own part, I am struck by the overlapping and intermixing of these worlds, especially within large cities.

The homogenising effect of mutual understandings is always subject to corrosion from other, more ephemeral, types of relation. So it would seem that one could arrive at a useful analysis of types of economic co-ordination and co-operation through distinguishing three major poles.<sup>20</sup> The first relates to the *contract* – whether market or not – which is impersonal or nearly so, limited in time and sanctioned by an outcome. This type of relation, far from becoming extinct, seems to be very much on the increase. Yet contracts are not drawn up on a blank page, and participants refer to *rules* and *conventions* which represent acquired knowledge and more generally shared cultures. This model has been fully studied and illustrated in the literature on industrial districts. But as a model of rules shared it does not take into account dynamic development in which highly contrasting cultures are merged and where actions are not evaluated in relation to previously defined norms, unless it be that the action itself is successful. Such development resides rather in the mobilisation of *networks* that are diverse, emergent and forward-looking, whereas contractual relations value uniformity and hence are backward-looking. The modern city, in my opinion, derives its dynamism from its ability to interweave these different methods, achieving a mix of the cold self-interest of the contract, the reassuring warmth of shared cultures and the often cynical imaginativeness of networks. A further set of remarks by way of conclusion concerns the strategic possibilities afforded by urban communities and the decisive importance of the institutions of urban governance in development. The high mean level of infrastructural amenities – transport, telecommunications, education – in Western European countries extends the field of choice when it comes to firms locating. Infrastructural considerations no longer weigh in this respect unless they happen not to be met. But correspondingly new margins for manoeuvre are opening up for the economic development strategies of cities and regions, since they are far less constrained by the facts of geography. Therefore, the least material factors of development come to the fore; and they serve to explain why some cities develop rapidly whilst others decline, in spite of their evident geographical advantages. Clearly, elements which are not at all easy to measure, such as prevailing atmosphere or local capability for project-forming or setting up a coherent collective agenda, now play a decisive role. Given the fact that crucial resources are now put together by the community rather than given as such, it follows that the quality of urban governance – whatever the precise meaning given to the term – is doubtless the foremost factor in development. But clearly this hypothesis remains to be scientifically tested.

## Notes

- 1 When you link towns with a population of more than 10,000 that are within 25 kilometres of each other, there is a striking contrast in densities. See also Le Bras (1996).
- 2 Le Bras (1996), chapter 2. One should bear in mind that, for Weber, the study of cities is not a study of urban growth, but one element in a comparative study of the birth of the bourgeoisie in Europe and of modes of domination (Bruhns 1995: 107–21).
- 3 With the exception of analyses such as those which began to emerge at the end of the 1970s on the 'Third Italy', the 'urban districts', centres of innovation, etc.
- 4 This set of problems is developed in Veltz (1996).
- 5 These trends seem valid for the whole of Europe. See, for example, the national monographs in Rodwin and Sazanami (1991).
- 6 With marked national variants: for instance, the contrast between the motor industry in France and in Italy.
- 7 On this point see the special number (22–23) of *Sociétés contemporaines*, 'Ségrégations urbaines', L'Harmattan, Paris, 1995, and, in particular, the contributions by Hamnett and Preteceille.
- 8 See Sassen (1991) but also Friedman and Wolff (1982) and King (1990). The customary term 'global city' sometimes serves to mask fuller analysis.
- 9 Taking the long historical view, the significant feature is probably that the difference between the more 'global' cities and the remainder is diminishing rather than increasing.
- 10 For a fuller account of the thesis, see Veltz (1996).
- 11 Between 1990 and 1993 the rate fell slightly, then picked up again.
- 12 Thus it is estimated that roughly one third of the flow of international trade is within transnationals, a further third concerning an establishment that is part of a transnational.
- 13 The point is rightly emphasised by Bagnasco (1996) in regard to wage-earners in 'non-industrial' sectors, but to a certain extent it applies also to other sectors.
- 14 For instance, in the motor industry, attention is frequently drawn to the spatial proximity of certain 'synchronous just-in-time' suppliers. But the converse predominates, with the median distance between suppliers and assembly plants increasing.
- 15 Low manpower mobility is also noticeable at an international and global level. Whereas merchandise flows (in proportion to GIP) rose by 15 per cent (among developed countries) between 1970 and 1990 and capital flows doubled, population movement fell by nearly one third.
- 16 Weber's analysis of the part played by Protestantism in the development of the American economy remains in this respect entirely valid.
- 17 The pattern in the pharmaceutical industry, for example.
- 18 For a fuller treatment, see Veltz (1996), chapter 9.
- 19 In 1990, there were 350,000 women in higher professions in the Ile-de-France (two thirds of them in the private sector) as against 160,000 for the combined total of cities with a population below 100,000.
- 20 Here I am indebted to the work of F. Eymard-Duvernay.